

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 3383-01
BILL NO.: HB 1737
SUBJECT: Insurance - General; Medical Procedures and Personnel; Nursing and Boarding Homes
TYPE: Original
DATE: February 4, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Insurance Dedicated	(\$64,788)	(\$70,760)	(\$72,656)
Total Estimated Net Effect on <u>All</u> State Funds	(\$64,788)	(\$70,760)	(\$72,656)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance (INS)** state that it currently publishes a long-term care guide, but it is not an annual publication, nor does it contain the statistical data on rate comparisons and comparison rating of companies based on complaints, performance indicators, liquidity indications, etc. INS states that according to 1998 Mo. Life, Accident, and Health supplement Report, there are 35 companies who sold group long-term care policies and 70 who sold individual long term care policies. INS states there are 97,427 Missourians who were covered by either group or individual long-term care insurance policies. INS would require an additional Research Analyst II to collect data and maintain a database on long-term care insurance rates and other information. Printing costs are estimated to be 66 cents each and mailing costs would be \$1.47 each. These printing and postage costs are based on printing and distributing the INS's Medigap cost comparison guide. INS estimates it would print and distribute 10,000 guides annually. The guide would also be made available on the department's Web page. The Research Analyst II would collect data and maintain database on rates, etc. for all companies activity selling long-term care insurance. This position would also be responsible for publishing and distributing at least annually the long-term care buyer's guide.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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INSURANCE DEDICATED FUND

<u>Cost - Department of Insurance</u>			
Personal service (1 FTE)	(\$28,135)	(\$34,620)	(\$35,486)
Fringe benefits	(\$8,652)	(\$10,646)	(\$10,912)
Expense and equipment	(\$28,001)	(\$25,494)	(\$26,258)
Total <u>Cost</u> - Department of Insurance	(\$64,788)	(\$70,760)	(\$72,656)

ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>(\$64,788)</u>	<u>(\$70,760)</u>	<u>(\$72,656)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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FISCAL IMPACT - Local Government

FY 2001
(10 Mo.)

FY 2002

FY 2003

\$0

\$0

\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal would require any long-term care insurance policy to clearly identify whether or not it is tax-qualified, pursuant to federal law. The proposal would also require the Director of the Department of Insurance to include in the department's long-term care insurance consumer guide information about: the tax consequences of different types of policies; factors that affect rates; how some conditions or events may trigger different benefits; rates of insurers currently selling such insurance in Missouri; information and reference guides available elsewhere; and any other relevant information that would be helpful to consumers.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Insurance



Jeanne Jarrett, CPA
Director
February 4, 2000